

Section 45 - Hospital Draft Rate Reform for Distinct Psych and SUD Units

December 19, 2022



Agenda

- Introductions
- Rate Determination Process
- Draft Methodology Proposal
- Which facilities/units/claims does this apply to?
- Next steps

Scope of Rate Determination Work

- Update reimbursement for distinct psych units and distinct SUD units from discharge rates listed in Chapter 45 (\$6,438.72 for all stays at all psych units, except for three units that have unique rates; \$4,898.00 at all SUD units).
- Eliminate inequitable provider-specific rates for distinct psych units

Rate Determination Process

PL 2021 Ch. 639, which took effect in August 2022, establishes process for rate determination, including: stakeholder engagement and public presentation of draft rate model, opportunity for written comment, DHHS response to written comment, revised rate proposed in formal rulemaking.

In this case, the process will be:

1. Today's meeting
2. Hospitals submit any input (re methodology, definition and identification of all of psych or SUD units, and/or any other concerns) no later than Fri, Dec 23.
3. Public presentation of draft base rate and any adjustments to rate methodology 2nd week in January (exact date TBD)
4. Two weeks for written comments
5. Department review and response to comments
6. Targeting 4/1/23 as the preferred effective date

Draft Methodology Proposal

■ **ALIGN WITH MEDICARE'S PAYMENT METHODOLOGY**

- CMS pays for Medicare Mental Health and Substance Use Disorder (MH-SUD) cases in a hospital setting on a prospective basis using the following formula:

1) Per Diem Rate * 2) DRG Relative Weight * 3) Length of Stay Factor
- This formula is used for free-standing psychiatric facilities and Distinct Part Units for psychiatric care in acute care hospitals.

■ 1) PER DIEM PORTION OF THE RATE FORMULA

- **Medicare's Per Diem Rate**

- Inclusive of all operating and capital costs
- Federal Per Diem Rate is \$865.63, with allowance for local wage adjusters (77.2% of rate is adjusted by locality for labor, remaining 22.8% is not adjusted)
- Adjusters for Age: factor for age <45 is 1.00; this graduates up to factor of 1.17 for age 80+
- Adjusters for Comorbidity: e.g., factor for renal failure is 1.11; factor for oncology is 1.07
- Factors are multiplicative on the base per diem

- **Proposal from OMS**

- Current intent is for per diem to be inclusive of all operating and capital costs*
- Do NOT apply local wage adjuster
- Do NOT apply age and comorbidity adjusters at patient level
- Instead, create all-inclusive per diem rates. OMS is considering calculation of different per diem rates by the following factors, with the goal of reflecting current variation in costs:
 - Psych versus SUD unit rates
 - Youth versus adult rates

*This may be contingent on hospital confirmation of DHHS identification of units and general alignment of associated MaineCare reimbursement.

■ 2) DIAGNOSIS RELATED GROUP (DRG) RELATIVE WEIGHTS PORTION OF THE RATE FORMULA

- With one exception, Medicare's relative weight values are higher than OMS's* for these DRGs

DRG	DRG Description	Current OMS Relative Weight	Medicare FFY2023 Relative Weight
876	O.R. PROCEDURE W PRINCIPAL DIAGNOSES OF MENTAL ILLNESS	2.394	3.196
880	ACUTE ADJUSTMENT REACTION & PSYCHOSOCIAL DYSFUNCTION	0.690	0.906
881	DEPRESSIVE NEUROSES	0.594	0.856
882	NEUROSES EXCEPT DEPRESSIVE	0.530	0.874
883	DISORDERS OF PERSONALITY & IMPULSE CONTROL	0.801	1.615
884	ORGANIC DISTURBANCES & MENTAL RETARDATION	1.118	1.570
885	PSYCHOSES	0.951	1.296
886	BEHAVIORAL & DEVELOPMENTAL DISORDERS	1.537	1.365
887	OTHER MENTAL DISORDER DIAGNOSES	0.863	1.297
894	ALCOHOL/DRUG ABUSE OR DEPENDENCE, LEFT AMA	0.340	0.572
895	ALCOHOL/DRUG ABUSE OR DEPENDENCE W REHABILITATION THERAPY	0.863	1.559
896	ALCOHOL/DRUG ABUSE OR DEPENDENCE W/O REHABILITATION THERAPY W MCC	1.028	1.756
897	ALCOHOL/DRUG ABUSE OR DEPENDENCE W/O REHABILITATION THERAPY W/O MCC	0.484	0.851

• Proposal from OMS

- For these services, use the same MH-SUD DRGs as in Medicare's MS-DRG grouper, and adopt Medicare's relative weights for payment purposes.

*Distinct psych/SUD units do not currently use these weights, and are only being shown here as a reference point

■ 3) LENGTH OF STAY FACTOR PORTION OF THE RATE FORMULA

- **Medicare's Length of Stay Factors**

- Start 1.31 for Day 1; move down to 0.92 starting Day 22
- Cumulative in nature
- Examples of use of length of stay factor shown below.

- **Proposal from OMS**

- Adopt Medicare's length of stay factors and approach as is

Days in Hospital	Day Factor	Cumulative Factor
1	1.31	1.31
2	1.12	2.43
3	1.08	3.51
4	1.05	4.56
5	1.04	5.60
6	1.02	6.62
7	1.01	7.63
8	1.01	8.64
9	1.00	9.64
10	1.00	10.64
11	0.99	11.63
12	0.99	12.62
13	0.99	13.61
14	0.99	14.60
15	0.98	15.58
16	0.97	16.55
17	0.97	17.52
18	0.96	18.48
19	0.95	19.43
20	0.95	20.38
21	0.95	21.33
22	0.92	22.25
23	0.92	23.17
24	0.92	24.09
25	0.92	25.01

Confirmation of Current Distinct Psychiatric and SUD Units

Information from DHHS Audit, Licensing, and MaineCare is not complete or consistent regarding which hospitals have distinct psychiatric units or what number of beds they have.

- MaineCare has identified some inconsistencies in billing for distinct psychiatric units versus “regular” inpatient stay for a patient with a psychiatric diagnosis.

MaineCare asked MHA for assistance with hospitals to confirm:

- Hospital identification of distinct SUD and psych units
- Reporting to Medicare as distinct psychiatric unit
- Youth and adult beds per unit
- Alignment of MaineCare discharge rate reimbursement with hospital record of MaineCare reimbursement for unit(s)

Hospitals DHHS has IDed as having Distinct Units

Maine Medical Center

MaineGeneral Medical Center

Mid Coast Hospital

Northern Maine Medical Center

Penobscot Bay Medical Center

SMHC Biddeford Campus

Southern Maine Medical Center

St. Mary's Regional Medical Center

Review of Current Unit Definitions

Current Definition: Distinct Psychiatric Unit (Section 45 Ch III 45.01-9) is a unit within an acute care non-critical access hospital that specializes in the delivery of inpatient psychiatric services. The unit must be reimbursed as a distinct psychiatric unit as a sub provider on the Medicare cost report or must be comprised of beds reserved for use for involuntary commitments under the terms of a contract with the Department of Health and Human Services. The claim must also be distinguishable as representing a discharge from a distinct psychiatric unit in the MaineCare claims processing system.

Current Definition: Distinct Substance Use Disorder Unit (Section 45 Ch III 45.01-10) is a unit that combines the medical management of withdrawal with a structured inpatient rehabilitation program. Services include coordinated group education and psychotherapy, and individual psychotherapy and family counseling as needed. Licensed Alcohol and Drug Abuse Counselors (LADCs) assist medical staff in developing an interdisciplinary plan of care. Evidence-based best practices such as motivational interviewing are used by staff who are trained in substance use disorder treatment. The claim must also be distinguishable as representing a discharge from a distinct substance use disorder unit in the MaineCare claims processing system. This label is not a Medicare designation.

Questions for Stakeholders:

Are there concerns with these definitions? Recommendations? Submit comments by end of week.

Next Steps

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2. Public presentation of draft base rate and any adjustments to rate methodology 2nd week in January (exact date TBD)
3. Two weeks for written comments
4. Department review and response to comments
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Please send written comments for both meetings to Jessica Levesque
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